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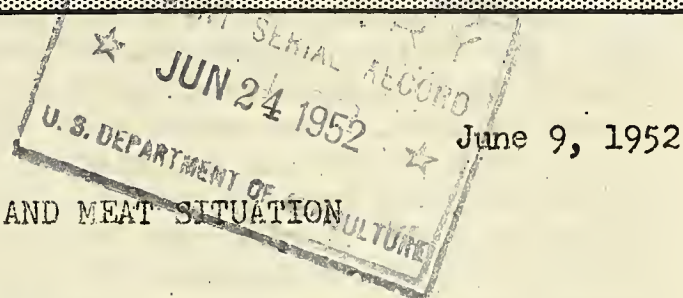
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CANADIAN LIVESTOCK AND MEAT SITUATION

SUMMARY

Canada's \$2 billion livestock industry received a severe set back during the first quarter of 1952 with the diagnosis of foot-and-mouth disease in South Saskatchewan. Although it has been necessary to slaughter only 1,700 head as of May 15 in connection with the outbreak, confused marketing conditions have resulted from ensuing embargoes on livestock and meat shipments reports William L. Rodman of the American Embassy in Ottawa.

A hog surplus, which may total 90 million pounds by late fall, is flooding storage facilities to capacity. The Canadian Government has established a \$26 per cwt. floor price for hogs and has bought 35 million pounds of canned pork, 31 million pounds of the five basic cuts, and nearly 15 million pounds of Wiltshire sides. No substantial outlet has been found for these purchases. The problem is compounded by an expected 22 percent increase in the spring pig crop this year.

The cattle surplus in 1952 may total up to 80 million pounds carcass weight. This situation has been greatly relieved by a tripartite agreement between Canada, England and New Zealand whereby at least 40 million pounds of Canadian beef will be sent to England to fill the remaining portion of the 1952 United Kingdom-New Zealand meat contract. A corresponding amount of New Zealand meat will be marketed in the United States.

HOGS

Production and Marketing

Due to a combination of factors, Canada is currently inflicted with the heaviest surplus of pork in many years. A significant increase in production coupled with the loss of major export markets have resulted in a confused marketing picture and a variety of government price supports.

The Canadian hog population has followed the upward trend of pork prices since 1948. On December 1, 1951, hog numbers on farms in Canada were estimated to be 6.5 million, a 20 percent increase over the previous year. The increase was greater in Western Canada (29 percent) than in the East (16 percent) where almost two-thirds of the hogs are grown. However, the upward trend was general in all provinces.

As production has climbed, pork exports have steadily fallen off. In 1951, the United Kingdom did not renew contracts for pork with Canada and exports to that country dropped to 1.8 million pounds from 72.3 million pounds in 1950. Pork exports to the United States were almost doubled during this period but amounted to only 12.1 million pounds in 1951. With the loss of the British market, the Canadian government offered to buy Wiltshire sides at seaboard for \$32.50. As the domestic price remained above this level throughout 1951, no Wiltshire sides were offered to the Agricultural Prices Support Board. Underlying this fact was the jump in Canadian per capita consumption of pork for the year to a record 66 pounds due to a favorable price comparison with beef. Early this year, England reaffirmed that due to her austerity program she would not be able to buy Canadian bacon during 1952.

Canada was already faced with a growing surplus of pork in February when the outbreak of foot-and-mouth disease in Saskatchewan eliminated the United States market. In the confusion resulting from embargoes on livestock and meat shipments placed by the Federal, provincial, and the United States governments, packing house storage facilities for fresh and frozen meats became jammed beyond capacity. Pork was and still is the main problem. The government urged farmers to withhold market hogs to heavier weights and, for a short time, changed the grade premiums accordingly. This soon began to compound the total weight marketed and the order was rescinded. A Federal floor price for pork was instituted based on hogs selling for \$26.00 per cwt. at Toronto. To alleviate the acute shortage of storage space for fresh meat, the Agricultural Prices Support Board was authorized to buy canned pork. Government contracts to date for this spam-type product have amounted to 35 million pounds. The government has also purchased to date this year 31 million pounds of the five basic cuts and about 15 million pounds of frozen Wiltshire sides. It is believed that by the end of 1952 pork purchased by the Board will total over 90 million pounds.

As recent cases (May 4) of foot-and-mouth disease have eliminated all hope of the United States embargo being lifted until at least late fall, the pork surplus situation continues to be serious. Adding to the problem is the estimated 22 percent increase in the spring pig crop this year over the same period in 1951. Even removal of the embargo would probably not ease the situation as the United States market price for hogs is well below the price support in Canada. As will be discussed under the foreign trade section of this report, Great Britain may agree to accept about 7 million pounds of pork from Canada. This is insignificant compared to the surplus and no market has been found for the canned product. There have been several offers from European markets for canned pork. As the suggested prices ranged down to one-third below cost, the Canadians did not consider the deal.

The inspected hog slaughter for 1951 was 4,488,007 head as compared with the 1950 slaughter of 4,405,055 head. This increase was due to the upward trend in production caused by the relatively high price level for pork in 1951. Although recent pork prices are considerably reduced from the 1951 level, hogs must be marketed within rather narrow weight limits and cannot be held for higher prices. Thus during the first quarter of 1952, the inspected hog slaughter has shown a 31.4 percent increase over the same period last year. By the week ending April 26, the gap had widened to 33.9 percent. This is basically a reflection of over-production. With a large spring pig crop expected, the Canadian hog slaughter is expected to continue throughout the year at above the 1951 level.

On April 26 this year, the average price at Toronto for Grade A dressed hogs was at the support level of \$26.00 per cwt. compared to \$32.00 on the same date last year. Needless to say, it is improbable that hog prices will advance this year from the present low.

Hog prices, relative to feed prices, have become less favorable than last year. The hog-barley ratio for the week ending April 19 was 16.4. For January it was 14.6, for February 14.7 and for March it was 15.4. The average for the year 1951 was 19.1. This ratio is the number of bushels of No. 1 feed barley required to equal the value of 100 pounds B1 (live) hogs, both prices at Winnipeg. The long-time average ratio (1913-1949, 1930 omitted due to extreme abnormality) was 18.3.

Canned meat production in Canada for the first quarter of 1952 showed an increase of over five million pounds as compared to the same period in 1951. The largest gain was in spiced ham and spiced pork (see Table 2) due to the government purchasing program of this product. As has been previously reported, the Support Board has been authorized to purchase 35 million pounds of canned pork thus far this year. It is probable that an additional 15 million pounds will be bought by the government before December.

Foreign Trade

Canada's foreign trade in pork has been virtually eliminated for the present. The lack of substantial orders from the United Kingdom and the embargo placed by the United States on Canadian livestock and meats due to the foot-and-mouth disease outbreak leave almost no outlet for the pork surplus.

It is possible that Canada will send England up to 7 million pounds of pork later this year under the three-country meat trade. However, this amount is insignificant in comparison with the surplus on hand. Needless to say, Canada will import little or no meat this year.

TABLE 1: CANADA - Hogs: Inspected Slaughter, 1935-39 to 1951

	Numbers	Ave. Carcass Weight Pounds
1935-39	3,389,000	
1944	8,766,417	165.4
1945	5,683,729	163.1
1946	4,253,511	163.2
1947	4,452,341	160.0
1948	4,487,649	162.0
1949	4,098,609	164.2
1950	4,405,055	161.9
1951	4,488,007	163.1
January		
1952	506,066	161.0
1951	401,612	161.3
1950	362,827	158.0
1949	324,815	163.8
February		
1952	499,758	161.7
1951	339,615	159.6
1950	350,749	158.7
1949	275,977	161.4
March		
1952	446,341	163.2
1951	364,234	160.2
1950	447,856	157.4
1949	349,490	162.1
January-March		
1952	1,452,165	162.0
1951	1,105,461	160.4
1950	1,161,432	158.0
1949	950,179	162.7

Source: D.D.A. Livestock and Meat Trade Report, monthly.

TABLE 2: CANADA - Production of Canned Meat

	1949	1950	1951	: January-March : 1951	1952
	Thousand pounds				
<u>Pork</u>					
Spiced ham and spiced pork	15,650	17,554	16,986	4,741	10,248
Roast pork and ham	2,643	6,996	8,183	2,566	3,137
Sausage	916	1,226	1,400	260	331
Deville'd ham	210	316	482	82	90
Miscellaneous <u>a/</u>	429	219	406	87	66
<u>Beef</u>					
Beef stew	10,205	11,045	12,586	3,756	2,985
Roast beef	2,651	2,426	909	142	46
Corned beef	1,560	643	620	518	253
Spiced beef	1,671	1,561	834	336	85
Miscellaneous <u>b/</u>	846	564	741	174	79
<u>Fowl</u>					
Chickens, turkey etc.	617	1,277	1,832	506	701
" paste	50	115	255	39	76
<u>Miscellaneous</u>					
Weiners	774	821	1,287	277	135
Lunch tongue	829	587	797	167	177
Meat paste	3,151	3,930	3,591	974	1,153
Meat lunch	220	536	927	56	198
Bologna	2,430	2,880	1,603	574	261
Sundry <u>c/</u>	1,572	787	1,102	178	447
<u>Total</u>					
Production	46,416	53,485	54,545	15,431	20,563

a/ Includes bacon, ham and eggs, pigs' feet.

b/ Includes beef suet, sausages.

c/ Includes cooked tripe, veal, lamb and mutton, blood sausage and
goose liver.

Source: DDS, Quarterly Report on Processed Food

CATTLE

Production and Marketing

When the outbreak of foot-and-mouth disease in South Saskatchewan was announced last February, it was immediately apparent that existing beef marketing plans would be disrupted. The degree would depend almost entirely on the speed with which the disease could be eradicated. A rigid quarantine area and buffer zone was established surrounding the vicinity of Regina. The United States placed a ban on imports of Canadian meats and livestock. Every available means was used to combat the disease and by the middle of March all infected or contact animals had been destroyed.

As no new cases were reported for the following six weeks, officials became optimistic that the disease had been wiped out in record time and that all embargoes on livestock exports would be removed by September. Unfortunately, several new cases of the disease have been diagnosed within the buffer zone during the past three weeks. This has diminished the hope of exports to the United States until late fall or early 1953. The disturbing fact remains that during 1952 Canada will produce up to 80 million pounds of beef over domestic needs.

Cattle numbers on Canadian farms as of December 1, 1951 were said to total nearly 9 million head, an 8 percent increase over 1950. As the market value of cattle has dropped considerably, and packing plants are currently glutted with steers, farmers will probably retain the majority of their cows and heifers. Barren cows are an expense with no return, so they will be bred. Thus the 1952 calf-crop, which was on the way before the disaster struck, and the 1953 calf-crop should be at least comparable to that of 1951.

The inspected slaughter of cattle in Canada for the first calendar quarter of 1952 was 231,832 head, a 10.8 percent decrease compared to the same quarter last year. The average carcass weight was 505.4 pounds which is essentially the same as in 1951. Inspected slaughter of cattle to the week ending April 26 was, at 301,010 head, nearly 14 percent below the 1951 level to that date. This decrease in slaughter may be attributed mainly to the chaotic marketing conditions resulting from federal, provincial, and United States embargoes on shipments of livestock and meats due to the outbreak of foot-and-mouth disease. The 1952 calf slaughter up to April 26 was 15.8 percent below the amount on that date in 1951.

The Canadian government set a floor price for domestic beef based on 25 cents per pound for "good" steers at Toronto markets. In return, the provinces agreed to lift all restrictions on inter-provincial livestock and meat shipments. The program to date has not been functioning to the entire satisfaction of the producers. In some instances, the packers have allegedly bought beef at below the support level. Manitoba still refuses to accept western beef for slaughter although meat shipments across the province to the East are now authorized. While this restriction is in effect, the government will not support Manitoba beef. British Columbia

will accept only livestock for immediate slaughter. Quebec has retained her embargo laws but is accepting Ontario meat under inspection permits. The government is currently buying only Alberta carcasses weighing 600 pounds or over, and carcasses from the Eastern provinces weighing at least 700 pounds.

Saskatchewan beef presents a separate marketing problem. None of the provinces will accept it, nor may any of the beef to be exported to England (see Foreign Trade) originate in this province. The Agricultural Prices Support Board is working on a plan to reopen the slaughtering plant at Swift Current and to hold cattle auctions within this area. The government will guarantee to purchase, at the floor price, all cattle not otherwise sold. Those that cannot be slaughtered immediately are to be put out on government pasture-land in the province. It has been pointed out that this plan, if it is put into action, will be tentative until the Manitoba embargo is eased.

Various foreign market trades may well rid Canada of her 1952 beef surplus. England has agreed to accept at least 40 million pounds of Canadian beef as discussed below, which will take care of the immediate need for an export outlet for heavy weight steers. There are current high-level discussions between the United States and Canada regarding the possibility of using Canadian beef to feed allied troops in foreign lands. No plans along this line have been announced as yet.

With these prospects of eliminating the current surplus, Canadian livestock producers may hold lighter-weight steers off the market this fall in the hope that the United States embargo will be lifted. Although beef prices have dropped sharply from the 1951 level, the beef producer may not be as badly hurt this year as was first feared.

Foreign Trade

The most important recent development in Canada's foreign trade in beef is the agreement reached between the governments of the United Kingdom, New Zealand and Canada. Under this plan, at least 40 million pounds of Canadian meat, mostly beef, will be shipped to the United Kingdom in exchange for an equal amount of New Zealand beef which is to be diverted to the United States. England will pay New Zealand in sterling at the current contract rate of about 18 cents a pound. Canada is to receive, in dollars, the proceeds from the sale of the New Zealand beef in the United States. Any profit derived by Canada from these sales above the United Kingdom-New Zealand contract price is to be divided on an approximately equal basis between Canada and New Zealand.

The New Zealand share of this profit will be used for buying additional meat in Canada which will be shipped to the United Kingdom. The equivalent value in sterling of this additional meat will be paid to New Zealand by England at the original contract price. It has not been determined which type of meat or how much will be involved in this supplementary agreement.

TABLE 3: Cattle and Calves: Inspected Slaughter, 1935-39 to 1951

		: Av. Carcass :			: Av. Carcass :
		Numbers	: Wt., -pounds :	Numbers	: Wt., -pounds :
		Cattle		Calves	
1935-39	873,364			649,513	
1940	1,354,104	502.1		660,556	119.2
1945	1,820,127	486.0		731,817	121.5
1946	1,666,310	488.4		752,817	119.8
1947	1,291,745	486.6		660,235	118.1
1948	1,489,883	479.3		787,410	118.5
1949	1,439,489	478.2		766,277	122.4
1950	1,284,683	480.6		773,205	116.7
1951	1,149,729	507.0		583,712	121.9
January					
1952	91,850	501.8		23,226	133.2
1951	103,651	500.1		29,305	134.2
1950	120,460	486.4		32,187	135.4
1949	112,370	479.0		24,587	141.8
February					
1952	71,552	511.3		22,966	126.0
1951	77,887	508.9		25,833	129.1
1950	93,671	488.6		32,807	124.4
1949	91,204	496.9		24,513	123.1
March					
1952	68,430	504.1		38,775	98.3
1951	78,391	502.8		44,662	101.9
1950	102,512	686.9		71,036	102.1
1949	107,781	493.4		62,047	97.9
January-March					
1952	231,832	505.4		84,967	115.3
1951	259,929	503.6		99,800	118.4
1950	316,643	487.2		136,030	115.3
1949	311,355	489.2		111,147	113.2

Source: D.D.A. Livestock and Meat Trade Report, monthly.

This tripartite arrangement is the first successful effort to rid Canada of the mounting beef surplus. As the Canadian government is paying up to \$48.60 per cwt. for frozen beef quarters delivered at seaboard while England is paying New Zealand only \$18.00 per cwt. on the same basis, it is obvious that Canada will take a loss on the trade. Further, had the Canadian meat been eligible to enter the United States in the fresh form, it would have realized more than in the frozen form required by the English.

The United States has been the traditional market for Canadian beef above domestic demands. During 1951, Canada exported to the United States the equivalent of about 400,000 head of cattle, with total livestock and meat exports being valued at nearly \$130 million. Since the foot-and-mouth disease outbreak in February of this year, and the resulting United States embargo, there have been no exports South of livestock or fresh meats. The movement of meat products in the form of canned or cured meats to the United States has been greatly reduced. There can be no substantial exports to this market until the disease has been eradicated and the embargo removed.

TABLE 4:

CANADA: Exports of Meats

		: January - March		
	1950	1951	1951	1952
	Thousand pounds			
Beef - fresh and pickled				
U.S.A.	81,806	91,748	9,222	1,937
Total	84,361	93,447	9,638	2,273
Pork - fresh and cured				
U.K.	72,310	1,892	1,887	-
B.W.I.	4,216	6,667	1,534	2,045
U.S.A.	6,544	12,176	1,421	365
Total	84,807	21,842	5,125	5,704
Mutton and Lamb				
U.S.A.	2,666	2,678	65	11
Total	2,761	2,737	96	25
Canned Meats				
U.K.	2	2	9	-
B.W.I.	121	99	-	19
Israel	1,072	351	337	299
Venezuela	1,386	41	21	4
U.S.A.	4,979	1,134	394	196
Total	8,879	2,286	884	854
Canned Hams <u>a/</u>				
Venezuela	-	484	115	173
U.S.A.	-	6,581	1,592	3,233
Total	-	7,472	1,791	3,469
Lard				
B.W.I.	41	4	1	26
U.S.A.	3	3	1	2
Total	126	84	6	37

a/ Not shown separately previous to 1951

Source: DRS Trade of Canada.

TABLE 5:

CANADA: Imports of Meats

	: January - March			
	1950	1951	1951	1952 (3 mos.)
	Thousand pounds			
Fork - fresh				
U.S.A.	1,666	15,881	4,011	1,659
Total	1,666	15,888	4,011	1,659
Barrelled in Brine				
U.S.A.	4,338	5,349	1,221	998
Total	4,338	5,349	1,221	998
Canned Beef				
Australia	109	6,894	600	1,065
Argentina	6,419	8,350	1,358	1,148
Brazil	426	930	618	34
Uruguay	2,893	2,613	731	198
Total	10,262	18,928	3,317	2,574
Other - Canned				
U.S.A.	217	2,406	119	205
U.K.	155	1,985	238	225
Australia	228	483	9	108
Argentina	52	143	72	-
Total	687	5,050	445	544
Lard				
U.S.A.	13,025	12,045	6,378	222
Total	13,031	12,045	6,378	222

Source: DBS Trade of Canada.

TABLE 6: Sheep and Lambs: Inspected Slaughter, 1935-39 to 1951

	: Av. Carcass Weight	
	: Numbers	: Pounds
1935-39	820,383	
1944	949,096	43.0
1945	1,169,124	44.6
1946	1,209,545	46.1
1947	895,117	46.2
1948	769,163	43.9
1949	629,673	45.4
1950	521,009	44.5
1951	438,518	46.7
January		
1952	24,876	47.2
1951	27,379	49.2
1950	27,126	49.7
1949	30,946	46.4
February		
1952	21,024	47.2
1951	15,978	50.2
1950	19,602	48.3
1949	24,346	45.8
March		
1952	16,021	43.9
1951	16,630	49.3
1950	13,357	46.7
1949	28,974	44.6
January-March		
1952	61,921	46.3
1951	59,987	49.5
1950	60,085	49.0
1949	84,380	45.6

Source: D.D.A. Livestock and Meat Trade Report, monthly.

SHEEP AND LAMBS

Production and Marketing

The numbers of sheep and lambs on Canadian farms on December 1, 1951 showed a 3 percent increase over the same date on the previous year and were estimated to be 1,302,000 head. This continues the slight upward trend of the past two years and was most evident in the Eastern provinces. There was a 12 percent increase in New Brunswick, a 10 percent increase in Prince Edward Island, and a general 5 percent increase in the East. This may be attributed to dairy farmers becoming discouraged at the dairy price prospects during 1950 and starting to rebuild their flocks. However, no great developments are expected in this industry above present levels.

The inspected slaughter of sheep and lambs decreased during 1951 as farmers increased the size of their flocks. During the first quarter of 1952, the inspected slaughter rose by 3.2 percent, which is indicative of the increase in numbers on farms.

Although there are no official estimates, informed officials feel that the spring lamb crop is probably above last year. The June 1 numbers will not be available until late this fall.

Foreign Trade

The export of mutton and lamb from Canada for the first quarter of 1952 was again greatly reduced. With the elimination of the United States market for this product due to the livestock embargo, exports during the remainder of the year will be insignificant.

Based on a report by William L. Rodman, Assistant Agricultural Attache, American Embassy, Ottawa, Canada.